

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



A brief summary of financial proposals filed with and actions by the S.E.C.

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FOR RELEASE October 19, 1965

HAMILTON WATERS & CO. REVOKED. In a decision announced today under the Securities Exchange Act (Release 34-7725), the SEC revoked the broker-dealer registration of Hamilton Waters & Co., Inc., 250 Fulton Ave., Hempstead, N. Y., for violations of the registration and anti-fraud provisions of the Federal securities laws. Harry Wasser (president and sole stockholder), Nelson Hugh Finkelman (sales and syndicate manager), Manuel Kupfer (trader), and Phillip Markowitz, also known as Mark Phillips, Stanley Miller, Nathan Kupfer, also known as Nat Nathan, and Raymond Douglas Wilson (salesmen) were each found to be a cause of the revocation order.

The said firm was the underwriter on a "best efforts" basis of a public offering of stock of George Harmon Co., Inc., a holding company whose wholly-owned subsidiary was a manufacturer in the electronics field. The offering, which was commenced in September 1961 and was made pursuant to a claimed exemption from registration under Regulation A under the Securities Act, comprised 62,500 shares of stock at \$4 per share on behalf of Harmon Co., and 10,000 warrants and underlying shares on behalf of the firm and certain finders upon completion of the offering of the 62,500 shares. After the sale of approximately 34,500 shares, the remaining 28,000 shares in the primary offering were purchased by a corporation controlled by counsel for the Harmon Company. The offering was then continued on behalf of the firm and the finders with respect to the 10,000 shares underlying the warrants. According to the decision, between September 1961 and January 1962, the firm and said individuals engaged in an intensive "boiler-room" sales campaign to distribute the Harmon stock. In repeated telephone calls to persons (many of whom were unknown to the firm), they made false and misleading claims concerning, among other things, the future market price of the Harmon stock, the company's prospects, and an increase in its backlog of orders. "It is clear," the Commission stated, that the firm and named individuals "in the sale of a speculative security of an unseasoned company by means of a high-pressure sales campaign, which involved the loading and reloading of customers, the solicitation of the same customers by more than one salesman, and the recurring use of the same basic fraudulent representations and predictions, engaged in a scheme to defraud and in transactions and a course of business which would and did operate as a fraud and deceit upon investors." The Regulation A exemption for the Harmon stock offering was previously suspended by the Commission.

HARRIS CLARE INC. REVOCATION PROPOSED. Hearing Examiner Irving Schiller has filed an initial decision finding that Harris Clare & Co., Inc., 82 Beaver St., New York City, violated the anti-fraud provisions of the Federal securities laws in the sale of stock of Alaska International Corporation and that its broker-dealer registration should be revoked. The Examiner also ruled that Harris Freedman, Martin Clare and Robert Summers violated and aided and abetted such violations and that they should be barred from association with a broker or dealer. Clare and Summers are the sole partners of Harris Clare & Co., of the same address; and the Examiner ruled that its registration also should be revoked and that it should be expelled from NASD membership. Freedman owns all the stock of a third firm, Towne Harris & Co., Inc.; and the Examiner further ruled that its registration should be revoked. The respondents have fifteen days within which to petition the Commission for review of the initial decision.

The proceedings are still pending with respect to Christopher & Co., Inc., and J. E. Marken & Co., Inc., and certain other individuals. Previously, the Commission issued an order barring two other individuals Melvin Winslow and Bruce Shapiro from association with a broker or dealer.

XEROX FILES STOCK PLAN. Xerox Corporation, 700 Midtown Tower, Rochester, N. Y. 14604, filed a registration statement (File 2-24129) with the SEC on October 15 seeking registration of \$40,000 of participating interests in the Optional Account to the General Fund under the company's Profit Sharing Retirement Plan for the Employees of University Microfilms, Inc., and 215 shares of common stock which may be acquired pursuant thereto.

KERN COUNTY LAND CO. FILES STOCK PLAN. Kern County Land Company, 600 California St., San Francisco, Calif. 94108, filed a registration statement (File 2-24130) with the SEC on October 18 seeking registration of \$5,000,000 of interests in the company's Employee Investment and Profit Sharing Plan, together with 50,000 shares of common stock which may be acquired thereunder.

S. E. MASSENGILL CO. VOTING TRUST FILES. Trustees under a voting trust agreement involving common stock of The S. E. Massengill Company (of Bristol, Tenn.), filed a registration statement (File 2-24131) with the SEC on October 12 seeking registration of voting trust certificates for 459,399 shares of such stock. Frank W. DeFriece, one of the trustees, is board chairman of the company.

BELOCK INSTRUMENT TRADING BAN CONTINUED. The SEC issued an order under the Securities Exchange Act suspending exchange and over-the-counter trading in securities of Belock Instrument Corporation for a further ten-day period, October 20-29, 1965, inclusive.

OVER

THE VILLAGER FILES FOR OFFERING AND SECONDARY. The Villager, Inc., Richmond St. & Allegheny Ave., Philadelphia, Pa. 19139, filed a registration statement (File 2-24132) with the SEC on October 18 seeking registration of 600,000 shares of common stock. Of this stock, 200,000 shares are to be offered for public sale by the company and 400,000 shares (being outstanding stock) are to be offered by the present holders thereof. Goodbody & Co., 2 Broadway, New York 10004, is listed as the principal underwriter. The public offering price (\$17 per share maximum*) and underwriting terms are to be supplied by amendment.

The company produces women's casual and sports clothing. Net proceeds from its stock sale will be added to working capital and will be available to finance increased inventories and accounts receivable. In addition to indebtedness, the company has outstanding 1,800,000 common shares. The selling stockholders are Norman Raab (board chairman), offering 200,000 of 742,500 shares held; Max L. Raab (president) 170,000 of 719,871; and Mary L. Raab (executive vice president), 30,000 of 112,500. Upon completion of the proposed sale, the selling stockholders and their affiliates will own 70% of the outstanding stock.

CORRECTION RE G. M. SHARES EXEMPTION APPLICATION. G. M. Shares, Inc., Detroit, Mich., a registered open end, non-diversified management investment company has applied to the SEC for an order under the Investment Company Act exempting it, subject to certain conditions, from all provisions of the Act except Section 8(a) and Sections 17(a) through 17(e) of the Act relating to transactions of certain affiliated persons and underwriters, to the extent that such sections may be applicable to the redemption of the company's outstanding stock. The Commission has issued an order (Release IC-4375) giving interested persons until November 10 to request a hearing thereon. Applicant's stockholders are present or former General Motors executives or their transferees consisting primarily of estates, charitable institutions, and family members. Its stock, as of December 31, 1964 was held by 605 persons. In the News Digest of October 18, it was incorrectly stated that the company had requested an exemption from Sections 17(a) and 17(e) of the Act.

FISCHER & PORTER FILES FOR OFFERING. Fischer & Porter Company, Warminster, Pa., filed a registration statement (File 2-24133) with the SEC on October 18 seeking registration of 160,000 shares of common stock, to be offered for public sale through underwriters headed by Hirsch & Co., Inc., 25 Broad St., New York 10004, and Bache & Co. Inc., 36 Wall St., New York 10005. The public offering price (\$28 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is principally engaged in the manufacture and sale of instruments of the mechanical, electronic and pneumatic type which indicate, record and control process variables. Of the net proceeds from its stock sale, approximately \$1,100,000 will be used to retire the company's outstanding preferred stock and the balance is to be added to working capital to be used for general corporate purposes. In addition to indebtedness and preferred stock, the company has outstanding 510,488 common and 267,440 Class B common shares, of which management officials are record owners of .5% and 94.6%, respectively. Kermit Fischer (president) and the Kermit Fischer Foundation (a charitable organization) own all of the outstanding Class B common; and, by virtue of the ten-for-one voting rights of these shares, are in control of the company.

BERGLUND, SPARROW AND MORRIS CITED. The SEC Denver Regional Office announced October 12 (LR-3346) the filing of a complaint (USDC, Salt Lake City) seeking to enjoin Eric Berglund and Robert Sparrow of Phoenix, Ariz., and William S. Morris of Las Vegas, Nev., from further violations of the registration and anti-fraud provisions of the Securities Exchange Act. A temporary restraining order was issued by the court.

PAUL G. FRICKE PLEADS GUILTY. The SEC Chicago Regional Office announced October 13 (LR-3347) that, following a 2-day jury trial, Paul G. Fricke of Rockford, Ill., withdrew his plea of not guilty and entered a plea of guilty (USDC, ND Ill.) to violating the Securities Act anti-fraud provisions in the sale of stock of Dualoc Drive, Inc.

JOHN C. MEYER, OTHERS INDICTED. The SEC San Francisco Regional Office announced October 15 (LR-3348) the return of an indictment charging John C. Meyer, Boise, Ida.; Virgil D. Kvasnicka, Mountain Home, Ida.; and Eugene M. Murphy, Longmont, Colo., with violations of the Securities Act registration provisions and with fraud by interstate wire in the sale of oil and gas interests.

INVESTMENT COMPANY LISTING AVAILABLE. A new listing and classification of investment companies registered under the Investment Company Act as of June 30, 1965, giving assets and location, is now available for purchase from the Commission at a cost of \$9.88 plus postage. Requests should be directed to: Public Reference Unit, Securities and Exchange Commission, Washington, D. C. 20549. PLEASE DO NOT INCLUDE REMITTANCE; a bill will accompany each copy mailed.

SECURITIES ACT REGISTRATIONS. Effective October 18: Gulf States Utilities Co., 2-23808.
Effective October 19: Republic of Finland, 2-24045 (40 days).

NOTE TO DEALERS. The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

*As estimated for purposes of computing the registration fee.